

Record Request DTE 1-13

Request:

To the extent possible, please provide any information from the Edison Electrical Institute (EEI) or any other entity regarding whether any other utilities have adopted a plan similar to what the Companies are proposing.

Additionally, please provide some sites to the orders adopting those plans if they were done through public utility commissions in this country.

Response:

The Company has identified two other states that have approved service quality plans that allow rewards for improved levels of service for an electric distribution utility: California and North Dakota. (Many states have approved fuel performance standards that provide for rewards and penalties but those are not considered within the context of this question.) In California, San Diego Gas and Electric (SDG&E) and Southern California Edison have financial rewards for improved service performance in the areas of safety, reliability and customer satisfaction. The California Public Utilities Commission has approved plans that pay or charge a certain amount of money for a defined increment of improvement or degradation in service, respectively. Also, some service measurements allow for a deadband in performance while others, particularly reliability, do not have a deadband before any rewards or penalties are earned. A summary of existing and previous service quality and PBR plans was written by the CPUC in September of 2000. This summary can be found at:

<http://www.cpuc.ca.gov/published/report/1978.htm>

North Dakota is the second state that provides incentives for improved service quality. The incentive/penalty is provided through the allowed return on equity. The allowed return on equity has the capability to increase or decrease by 0.25% for each service measure. Service quality is measured in the areas of reliability (CAIDI and SAIFI), customer satisfaction (relationships and transactions satisfaction), cost per kwh and safety. Otter Tail Power and Northern States Power are operating under these performance measures. An order was issued on guidelines for alternative regulatory structures in Case No. PU-439-94-590 in September of 1995. Northern States' service quality plan was approved December 29, 2000 in Case No. PU-400-00-195. The orders can be found at the North Dakota Public Service Commission website referenced below. Please reference Case No. PU-400-00-195.

<http://pc6.psc.state.nd.us/>

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